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PR08:059  
For Immediate Release:  
10/10/2008

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## Controller Chiang Says Transparency Key to Credit Market Fix

State Controller John Chiang today urged Treasury Secretary Henry Paulson to address the lack of transparency and oversight in the credit default swap market in order to restore investor confidence, and recommended a course of action.

In a letter to Secretary Paulson, Chiang explained that California and its local governments need functional markets to conduct their business efficiently, and the lack of transparency over an estimated \$60 trillion in privately negotiated credit default swaps is a huge barrier that will likely increase the cost of borrowing.

"I do not believe that confidence and liquidity will be restored to the credit markets until the Credit Default Swap market is addressed in a clear and comprehensive manner," Chiang said. "California could be a major beneficiary of this improved confidence."

A copy of Controller Chiang's letter is available at <http://www.sco.ca.gov/>.